

Headquarters U.S. Air Force

Integrity - Service - Excellence

Air Force Integrated e-Acquisition System



**Operational
Architecture**

U.S. AIR FORCE

**SAF/AQCK
April 2001**



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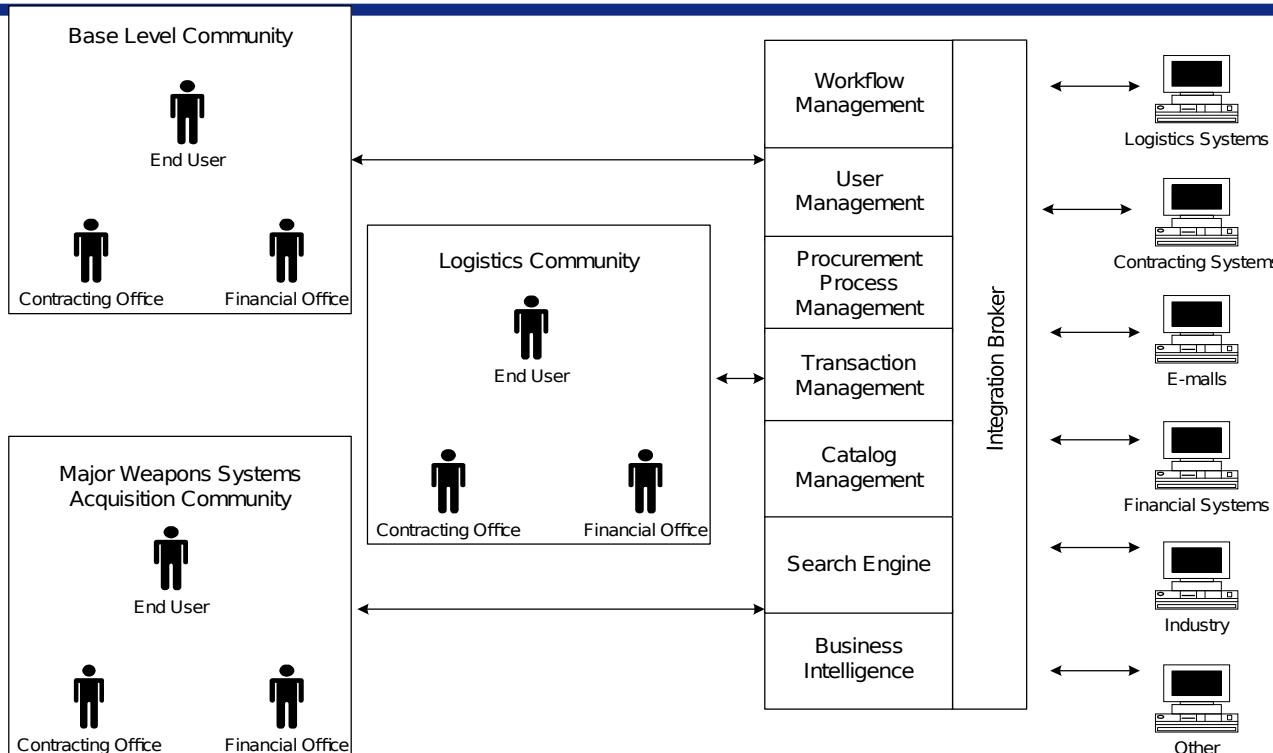
Background

- **History - Driven by the Revolution in Business Affairs, the Air Force desires to leverage current automated EB/EC systems to fully optimize the acquisition process**
- **Challenge - Lack of system and process integration impedes further significant savings and efficiency enhancements**
 - Does not allow Air Force to take advantage of new e-commerce tools within the commercial business environment (e.g. e-malls, reverse auction, industry exchanges)
- **Solution - Develop a vision for an enterprise-wide architecture that supports Air Force long range operational, systems and technical goals for seamless acquisition**



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End-State Vision



- **Provide single place to access acquisition related tools and information**
- **Provide ability to search fulfillment sources (organic/non-organic) across DoD/Air Force**
- **Provide ability to share and leverage acquisition information across the Air Force**



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End-State Vision (Con't)

Benefits

- Utilizes enterprise portal concepts and technologies to integrate systems and provide a “one stop” experience for user
- Increases standardization
- Creates a data warehouse of strategic purchasing information
- Positions Air Force to improve buying power vis-à-vis contractors/vendors
- Process Improvements
 - Aggregated volume buying
 - Elimination of “Maverick” buying
 - Optimize Industry Exchange potential



End-State Vision (Con't)

Benefits

- Moves purchasing function away from transaction processing toward self-service procurement and frees resources for value-added business advice
- Encourages cross-organization visibility of requirements to improve **Four Areas of Procurement Savings**
 - Interest Charges
 - Paper processing fees
 - Unmatched disbursements
- Saves \$\$!!!

Aggregation volume buying-
consolidation of vendors & contracts 7%

Contract leakage reduction-enforcement
of available contracts 7%

Process improvement-self service
procurement 3%

Infrastructure support-Internet
computing architecture 3%

Oracle Strategic Procurement, February 1999



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Business Case for e-Procurement

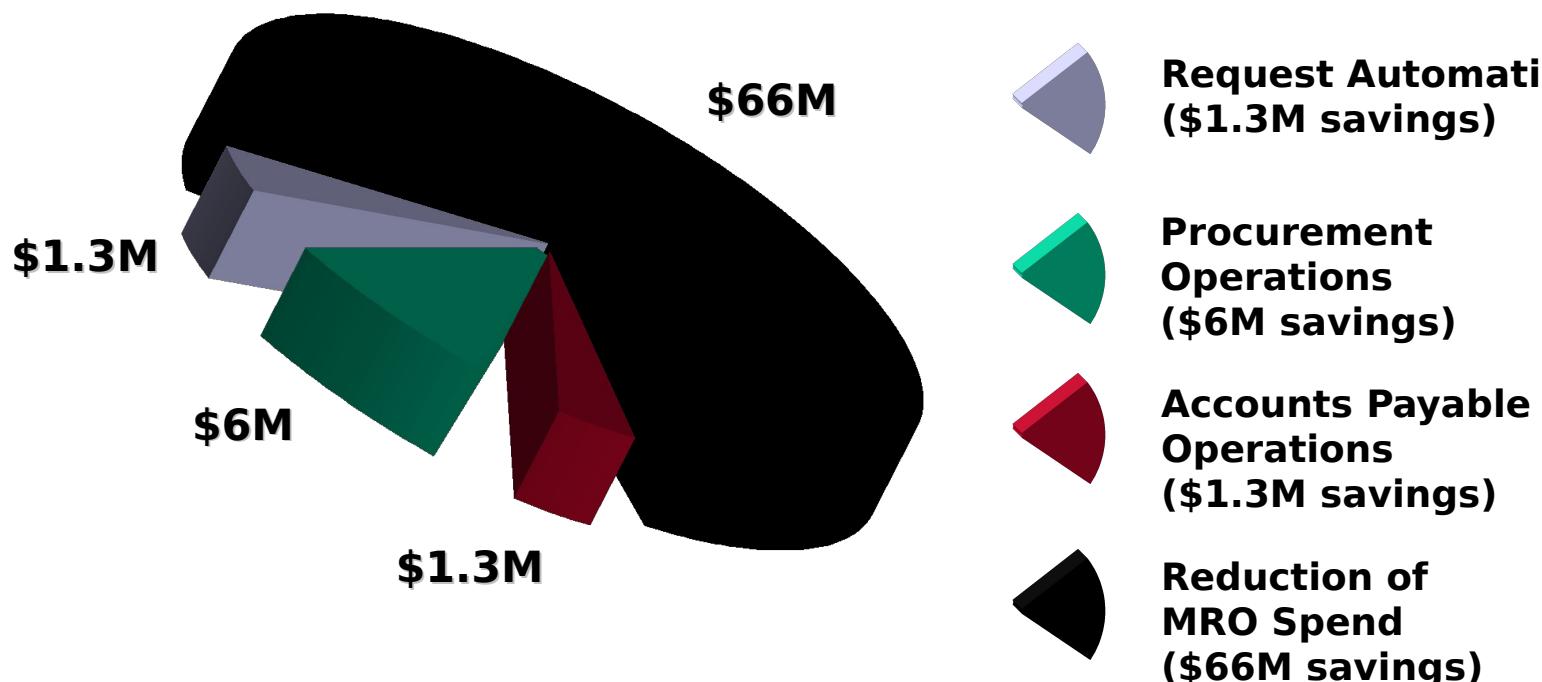
- **MRO spending offers large benefit opportunities:**
 - MRO spending accounts for 30% to 60% of a company's total spend
 - Nearly 1/3 of MRO purchases are made outside of the formal purchasing process, incurring 15% to 27% higher costs on average (NAPM)
- **Existing MRO purchasing processes are inefficient, straining resources:**
 - MRO accounts for 80+% of purchasing transactions
 - Cost in time and paperwork to create a purchase order is \$70 to \$300 (Gartner Group)
 - Overhead to procure a \$5 item is the same as for a \$4,000 item
 - 35% of purchasing manager's time is spent on routine paperwork
 - Redundant data entry and processes further tie up limited purchasing resources
 - Weak integration of purchasing and accounts payable processes and systems



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ROI is a Critical Component

Projected Cost Savings for an Organization with \$1B of MRO Spend.



Source: Benchmarking Partners Research of Ariba Customers and MRO Market

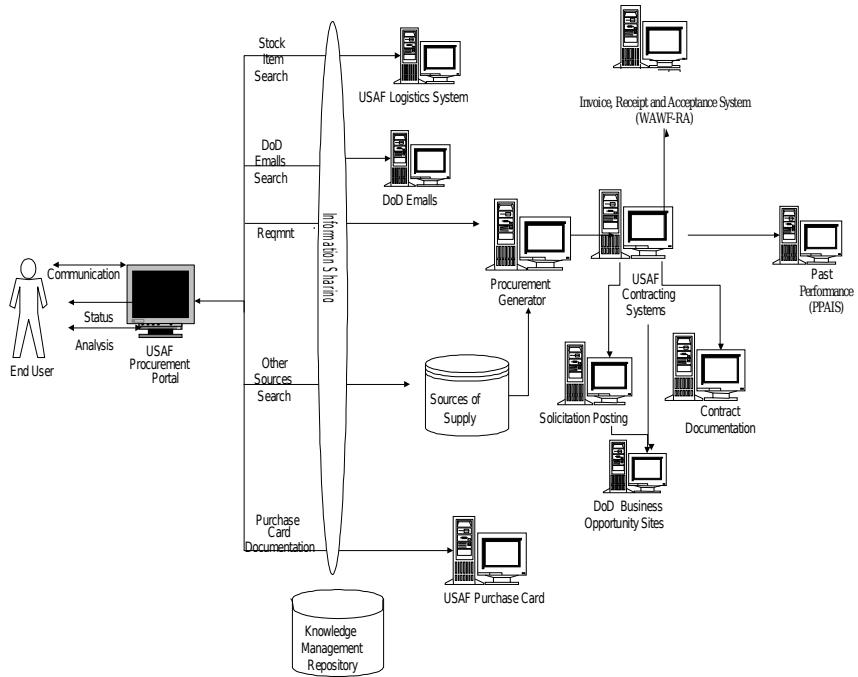
Total Annual Recurring Cost Savings = \$74.6M



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End-State Vision (Con't)

Operational View

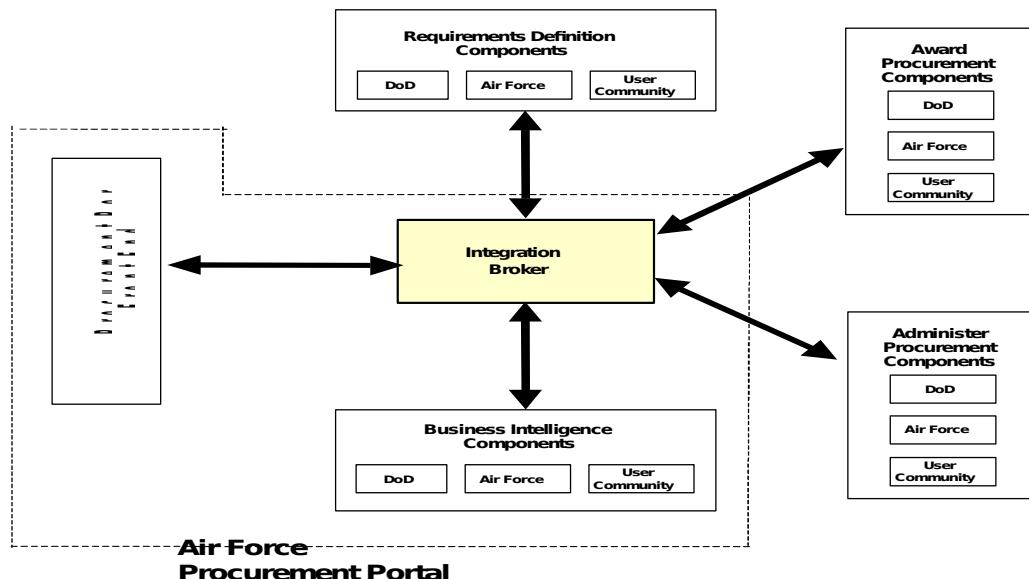


- **Presents single face to user**
- **Supports DoD End-to End Procurement process**
- **Provides access to USAF controlled sources of supply**
- **Monitors status of procurement**
- **Captures Business Intelligence**



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End-State Vision (Con't)



Systems View

- **Integrates existing/planned procurement systems**
- **Establishes an Air Force Procurement Portal to handle:**
 - **Front-end (security, workflow management, transaction management, procurement source search)**
 - **Integration Broker (Application and Data Integration)**
 - **Business Intelligence (Data Warehousing, Strategic Procurement Information)**

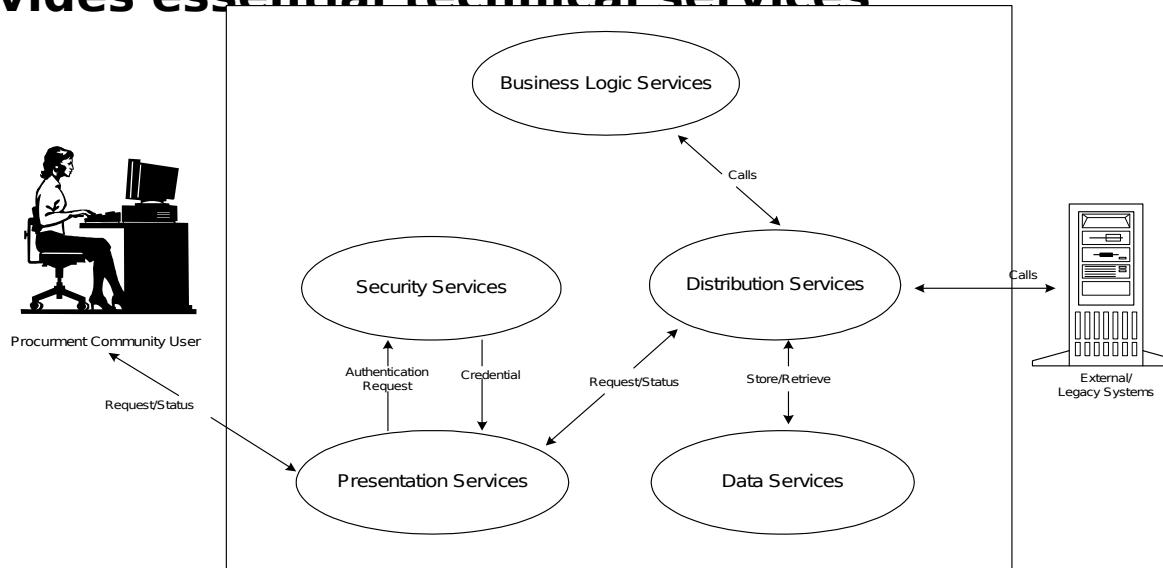


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End-State Vision (Con't)

Technical View

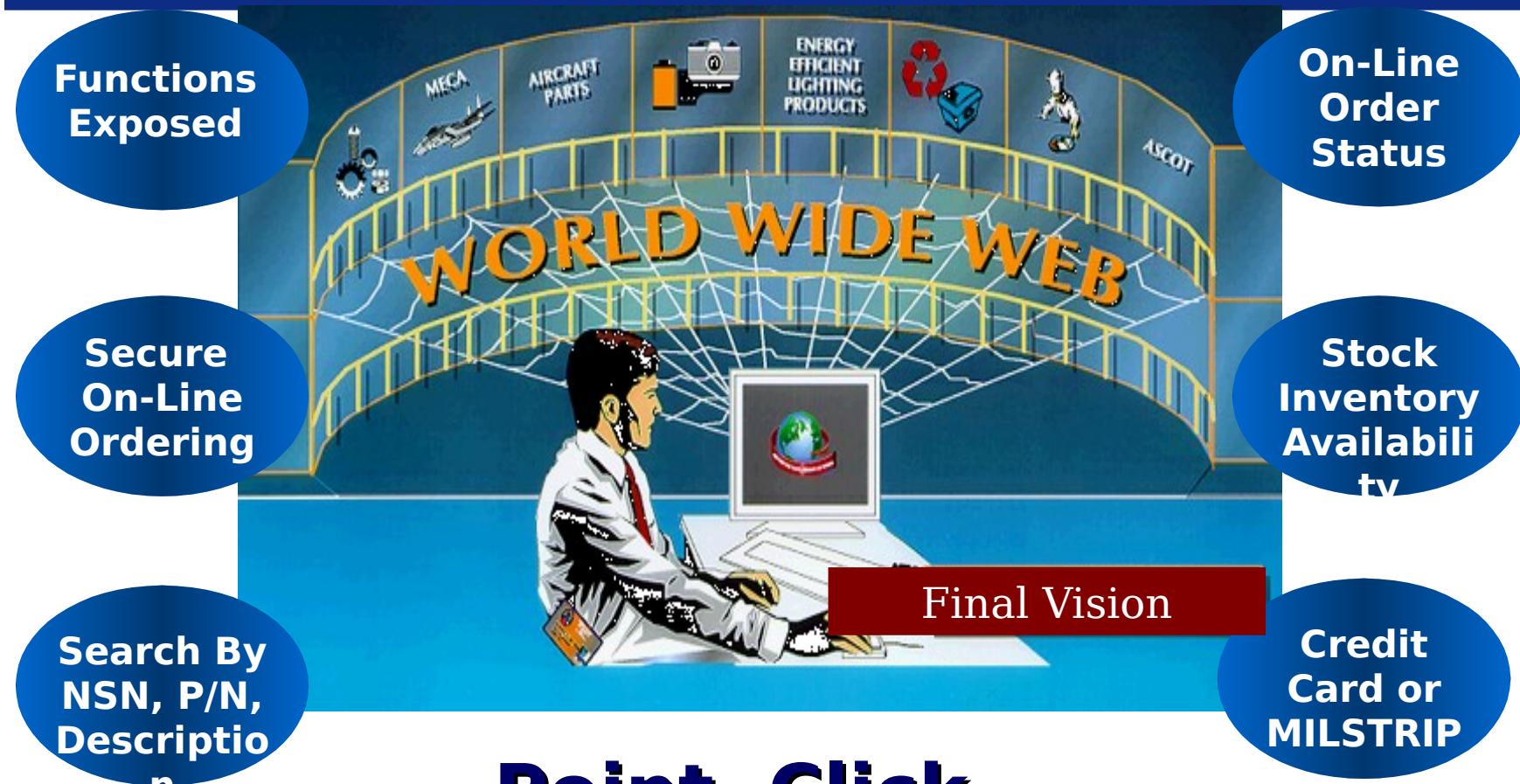
- Utilizes existing/emerging commercial technologies to create composite application
- Relies on open and modular architecture which allows use of “Best of Breed” technologies and existing Air Force Applications
- Provides essential technical services





E-Procurement: Customer View

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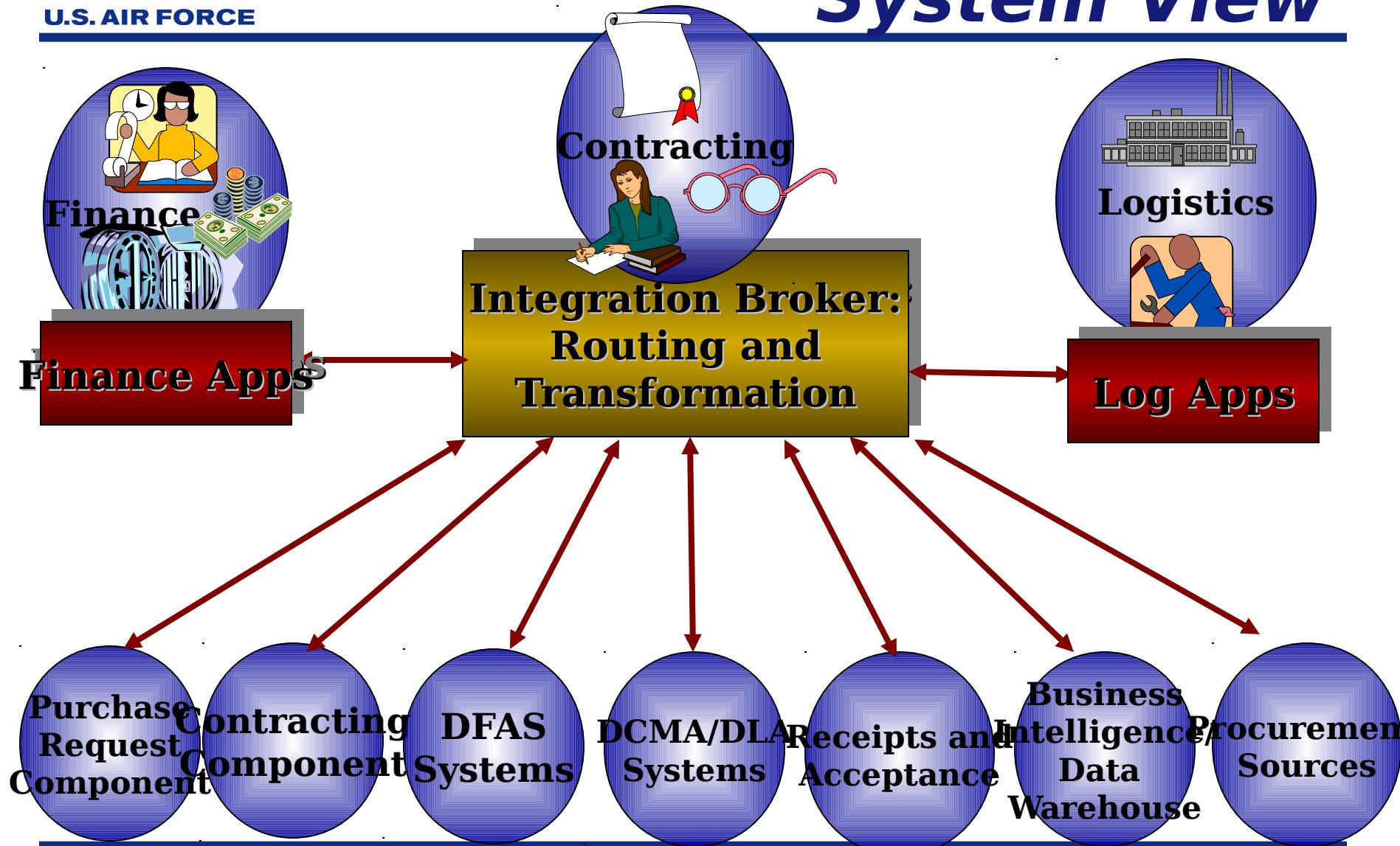


**Point, Click
and Deliver or
Ship**



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Operational Architecture - System View





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Migration Strategy

- **High Level Tasks**
- **Develop the Procurement Portal**
 - Refine Requirements
 - Identify Technologies
 - Design, Develop, Test
- **Develop Application Integration**
 - Complete Application Portfolio Assessment
 - Identify Technologies
 - Design/Develop/Test System Interfaces
- **Architecture Fielding**
 - Systems Deployment
 - Training
 - Change Management



Migration Strategy (Con't)

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Phases

- **Phase I - Target Base-level requirers that currently conduct small purchases from established sources of suppliers**
- **Phase II - Expand the Integrated e-Acquisition System (Ie-AS) Architecture functionality to all non-organic purchases of goods and services**
- **Phase III - Provide end-to-end procurement process capability for all purchases from non-organic sources**
- **Phase IV - Integrate logistics purchases and provide organic sources of supply into the Ie-AS Architecture**

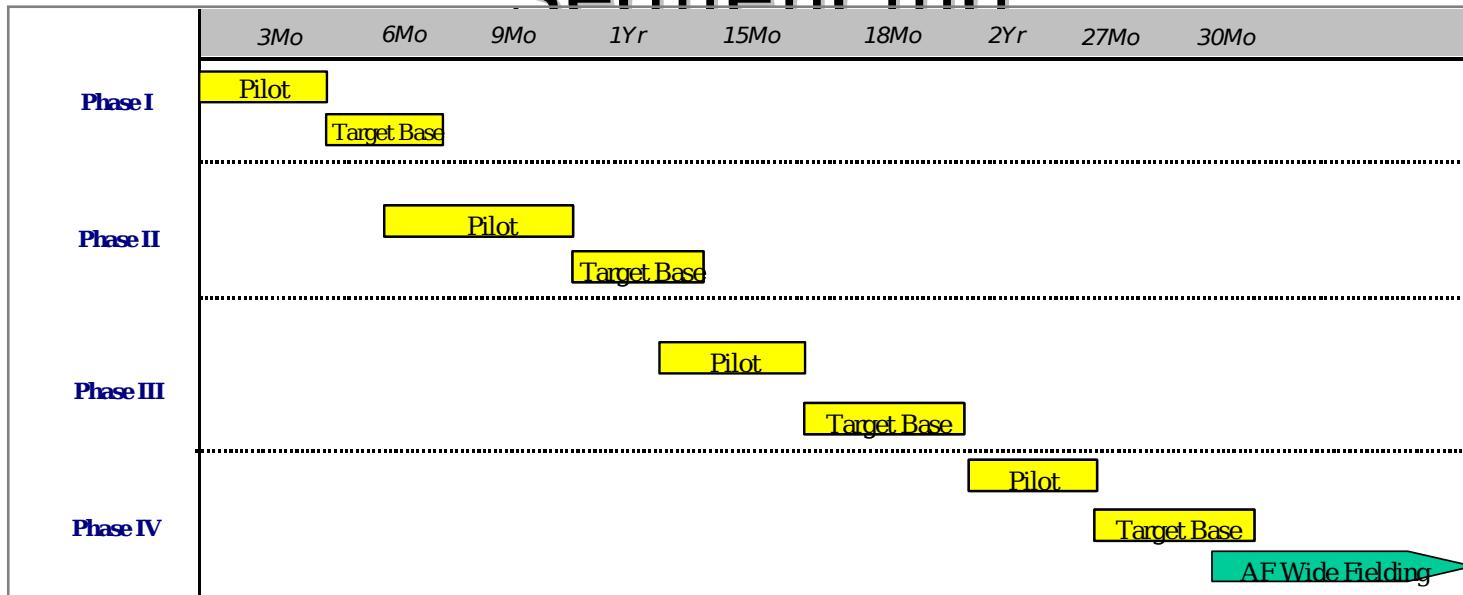


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Migration Strategy (Con't)

Phase

Sequencing



- Sequencing plan based on iterative piloting of each phase
- Fielding of Ie-AS Architecture is estimated to require 2 to 2.5 years with full fielding, thereafter
- Option to fully field existing architecture at the completion of any phase to provide increased capability to the Acquisition Community



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Migration Strategy (Con't)

Implementation Risks

Risks Areas	Mitigation Strategy
- Organizational Inflexibility	- Change Management Plan
- Loss of Momentum	- Long Range Business Strategy
- Ambiguous ROI	- Defined Performance Metrics
- Schedule	- Migration Plan
- Large Scale Deployment	- Change Management Plan
- System Dependencies	- Risk Management Plan
- Architecture Components	- Lessons Learned from other DoD/Commercial Organizations
- Technical Control	- Communication Plan
- Security	- GCSS AF Implementation



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Status

- **Phase I Pilots underway**
 - **Capture business rules/processes with selected group of users/vendors**
 - **Integrate existing capabilities to extent possible**
 - **Establish framework to build upon**
 - **Establish performance metrics to capture**
 - **Operate pilot for 2-3 months**



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Next Steps

- **Assess findings**
 - Practices and utility (likes/dislikes)
 - True ROI
- **Present findings to FRB/Recommendation to SAF/AQC for continuance and expansion Determine Roll-Out Strategy**
 - RFP end technology
- **Migrate existing capability to AF or continue to build before roll-out?**
- **Program Office/management roles**
- **Funding**